ADMINISTRATIVE REPORT

Date: April 7, 2003
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RTS No. 3266
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Meeting date: April 24, 2003

TO:	Standing Committee on City Services & Budgets
FROM:	Director of Social Planning in consultation with the Directors of Legal Services and Real Estate Services
SUBJECT:	Amenity Bonus Sublease - 639 Hornby Street

RECOMMENDATION

A. THAT the City accept the surrender of the sublease of the amenity bonus facility at 639 Hornby Street granted by the City to the Canadian Craft Museum, effective January 1, 2003, and that each party release the other from any liability under the sublease; and

B. THAT Council approve a 5-year sublease commencing May 1, 2003 of the amenity bonus facility at 639 Hornby Street, legally described as Lot B, Block 40, D.L. 541, Plan 21977, Explanatory Plan LMP9500 to Simon Fraser University for the purpose of the Chief Dan George Centre for Advanced Education at a nominal rent of one dollar ($1) per annum, the sublease to be renewable for two further five-year terms under the terms generally described in this report and on terms satisfactory to the Director of Legal Services in consultation with the Directors of Social Planning and Real Estate Services.

GENERAL MANAGER'S COMMENTS

The General Manger of Community Services RECOMMENDS approval for A and B noting that B represents a grant and as such requires eight affirmative votes.

COUNCIL POLICY

The Amenity Bonusing Program, as approved by Council in 1986, provides for the sublease of an amenity bonus space to a Vancouver-based non-profit social service and/or cultural organization at a nominal rate for a term of up to 15 years and includes a series of requirements and obligations of the subtenant with respect to public service and financial management.

PURPOSE

This report seeks Council's approval to enter into a sub-lease of the amenity bonus facility at 639 Hornby Street with Simon Fraser University for the purpose of The Chief Dan George Centre for Advanced Education, a first nations education and community resource centre.

BACKGROUND

In 1988 Council approved an amenity bonus at 639 Hornby Street and a sublease of the space to the Canadian Craft Museum (now known as the Canadian Craft and Design Museum). Among the terms of the sublease, the Museum committed to exhibit "to the general public the works of craft artists .... for viewing by the public". As well, the sublease required the Museum to "initiate and maintain a fund raising drive to meet the increased costs of occupying

the Leased Premises in the event the Subtenant is granted a second sublease". 2008-04316/

In recent years, the Canadian Craft and Design Museum struggled. Having enjoyed early success in their new space, the society was unable to sustain its operations. Many volunteer Board members and staff worked hard to stabilize the organization but never fully addressed the obligations of the sublease. By 2002, having a cash deficit and having depleted the facility operating endowment fund, the CCDM Board of Directors decided to close the gallery and requested the City release them of their obligations under the sub-lease. The CCDM remains as a non-profit organization and may present craft and design programs and activities elsewhere in the future.

DISCUSSION

In considering potential new subtenants of the amenity bonus space at 639 Hornby Street, staff reviewed Council's policy and practise, which has been to seek non-profit uses which encourage a diversity of cultural, social and recreational uses in the downtown with a focus on public participation, including live theatres for the performing arts, film theatres, galleries for the display of art, exhibition halls, childcare facilities and public education and resource facilities. Staff reviewed a number of proposals and recommend to Council a partnership of The Chief Dan George Centre and Simon Fraser University. The proposed Chief DanGeorge Centre for Advanced Education meets the objectives of the amenity bonusing program and adds to the complement of previously approved bonused education facilities, such as The People's Law School (900 Howe St.), and exhibition spaces such as the Contemporary Art Gallery (555 Nelson St.).

The Chief Dan George Centre for Advanced Education is a partnership between the Tsleil-Waututh Nation and Simon Fraser University. The centre was established in June, 2001, to offer programs incorporating First Nations content and perspective and provide Aboriginal students with enhanced access to university level education, at the undergraduate and graduate levels.

The proposed Centre at Hornby Street will expand on that initial mandate and, in partnership with other Simon Fraser Continuing Education programs (Academy of Independent Scholars and the Praxis Centre for Screenwriters), will offer a broad range of programs for students and the public. The facility will be a centre of indigenous learning for both Aboriginal and non-Aboriginal learners, providing contemporary education in the context of traditional culture and values.

Some of the initial programs offered by CDGC will include Aboriginal Tourism and Ecotourism Programs; a First Nations Public Service Program; Aboriginal HIPPY (Home Instruction for Parents of Preschool Youngsters); Aboriginal Leadership, Management and Policies Studies; and Aboriginal Film Studies.

The Academy of Independent Scholars propose to use the facility to host an Independent Scholar-In-Residence, who will be working in association with the CDGC and the Kwakwaka'wak'wakw community of Alert Bay to begin the process to document and restore the Kwakwaka'wak'wakw cultural property.

Praxis Centre for Screenwriters propose to use the facility to provide seminars, workshops and non-credit courses on screen writing as well as hosting their annual Screen writing Competition - an intensive workshop process for national screenwriters with film industry professionals.

A full description of the program and a Business Plan for the Centre is on file at City Clerk's.

The facility will be operated by SFU Harbour Centre and managed by a committee of representatives from Chief Dan George Centre and SFU. Chief Dan George Centre will be predominantly responsible for programs and activities. Space and time not required for CDGC will be supplemented by the Academy of Independent Scholars, Praxis and other SFU programs.

Sublease

It is Council policy to charge a nominal rent ($1) to non-profit subtenants in amenity bonus spaces. The amenity bonus space, as assessed by the B.C. Assessment Authority, does not attract property tax. The lease between the City and the developer (Shon Group) provides for relief from operating costs based on stipulated annual credits. The credit term will expire June 2, 2005, or sooner, if the actual operating costs exceed the agreed to annual credits. Once the annual credits expire, the operating costs (approximately $10/sq.ft.) become the responsibility of the City. The City passes on all obligations under the Head Lease to the subtenant.

Subject to Council approval, staff will execute a sublease with SFU on behalf of the Chief Dan George Centre on

terms and conditions as are generally outlined in Appendix "A" of this report, as well as such other and further terms as are required by, and satisfactory to the Director of Legal Services in consultation with the Directors of Social Planning and Real Estate Services.

Capital Improvements

The amenity space is in nced of minor repair and refurbishment. Simon Fraser and the Chief Dan George Centre do not propose major renovations at this time. SFU has agreed to provide initial signage, furnishings and hook-ups, and proposes to convert the basement storage area into a resource library. SFU will also be responsible for obtaining all necessary permits and approvals. Once they have occupied the space for some months, they may propose additional changes. All costs of move-in and tenant improvements are the responsibility of SFU. Tenant improvements also require the written consent of the City as well as the Head Landlord. The City will need to allocate some resources to removing and replacing some craft items in the facility, which are better housed in another institution. These costs will be under $1,000 and can be funded from existing resources.

Subject to Council approval, this work can be completed in a matter of weeks and the amenity space ready for occupancy May 1, 2003.

FINANCIAL IMPLICATIONS

The proposed sublease transfers all of the City's obligation contained in the headlease to the subtenants.

CONCLUSION

Staff support the sublease of the refurbished amenity bonus facility at 639 Hornby Street to Simon Fraser University for the purposes of the Chief Dan George Centre for Advanced Education as an opportunity to create a centre for excellence in First Nations art, culture and education..

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Sublease between the City of Vancouver (the "City")
and
Simon Fraser University (the "Society")

SUBLEASE TERMS

Term: Five-years commencing May 1, 2003, renewable for two further five-year terms.

Rent: $10.00 payable in advance

Premises: 639 Hornby Street

Sublease:
The City to grant:
· a sublease of the Premises as shown on plans to be appended to the sublease for the purposes set out in the Use section below.

Use:
The permitted use of the Premises is restricted to:
· the operation of the Chief Dan George Centre for Advanced Education (the "Facility") within the Mandate and Public Service Objectives established by the Society appended to the Sublease as a schedule and approved by the City (see below);
· ancillary educational programs associated with the Society; and
· purposes necessarily incidental to the operation of a Facility and permitted within the applicable zoning.

Public Service Objectives:
As part of the sublease, the Society's Mandate and Public Service Objectives (draft to be provided by the Society for City approval), shall be included and used by the City as annual and periodic performance measures. The Society may amend the Mandate and

Public Service Objectives from time to time with prior written City approval.

The sublease shall identify Public Service Objectives including:
· hours of operation;
· type and range of services;
· process for community input;
· administrative capacity;

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· financial accountability;
· financial viability with evidence of diversified revenue sources; and
· quality, accessibility and affordability.

Laws, Regulations and Requirements
The Society shall comply with all laws and regulations relating to its operation of a Facility and shall provide evidence with such compliance on request by the City. The Society shall also comply with any requirements imposed on the Society by the City as Sublandlord in connection with the Society's operation of the Facility on the Premises.

Rentals:
The Society may contract with third parties for occasional use of the Premises periodically as set out in an Occasional Third Party Use Policy that shall form part of the Sublease and shall be subject to City approval. All such rentals will be required to be appropriate to, and support the Mandate of the Society. The Society may not assign or sublet any portion of the Premises without the City's prior written permission.

Insurance:
The Society shall be responsible for insuring all equipment, fixtures and furniture and shall be required to maintain comprehensive general liability insurance as well as all risk broad form tenant's legal liability insurance in the amounts and types to the satisfaction of the City's Director of Risk and Emergency Management.

The Head Landlord shall be responsible for insuring the building against fire and certain other perils. To the extent that these costs are passed on the to City through the Head lease, the City will pass on these costs to the Society.

Utilities, Janitorial, Maintenance and Repairs:
A Service Agreement shall form a Schedule to the Sublease and shall itemize the responsibilities of the Head Landlord, Sub Landlord (City) and Society. In general, the Society shall be responsible for all security systems, janitorial services, maintenance and repairs such as lighting and appliance replacement and repairs, etc. Major capital repairs such as special assessment for roof replacement, building envelope repairs, foundations, infrastructure services (water, sewage, power) and building systems (excluding security systems), shall be the responsibility of the Head Landlord where provided for in the Head Lease. The Society shall be responsible for paying all costs passed on to the City through the Head lease. The Society shall be required to budget for an adequate maintenance reserve within its annual operating budget to meet the obligations in the Sublease.

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Improvements:
Prior to the Society making any alterations, erections or modifications (hereinafter collectively referred to as "Improvements") to the Premises, the Society shall obtain the City's written consent as well as the Head Landlord's, as required. In giving its consent, the City may attach such conditions or deadlines as it sees fit and the Society shall be responsible for all costs of Improvements, and claims or liabilities of any kind arising from the Improvements.

Reporting to the City:
On or before May 31st of each year, or at any time requested by the City, the Society will provide to the City the following:
· Board-approved financial statements for the previous year, prepared at the Society's expense by an accounting professional. Such statements shall include all operating, capital, maintenance reserve and special purpose funds and shall itemize administrative and program costs;
· a balanced annual budget including an estimate of all revenues and expenditures;
· a summary of activities for the past year demonstrating how the Society has fulfilled its Public Service Objectives;
· evidence of a functioning/governing Board of Directors; and
· a summary of planned activities for the coming year. Further, if requested by the City, the Society shall submit to the City

minutes of all Board meetings.

Indemnification:
The Society shall indemnify the City for any costs, losses, suits, or expenses incurred by the City arising as a result of the Society's use and occupation of the Premises.

Early Termination:
The City may terminate the Sublease prior to the end of the Term on the happening of any one or more of the following events:
· the Society is in default on any payments owed to the City following 30 days notice;
· the Society defaults in performing any other provision of the Sublease, including,

without limiting the generality of the foregoing, failure to comply with any laws or regulations relating to its operation of an aboriginal education centre;

· the Premises are not operated as an aboriginal education centre for more than 30 days without the City's prior written consent;
· the Premises are not used in the operation of an aboriginal education resource centre to the satisfaction of the City;

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· the Society becomes bankrupt, is wound up or dissolved;
by mutual consent; and/or

· substantial destruction of the Premises or the building in which the Premises are situated

Options to Renew:
The Society may only exercise its options to renew if it is in good standing under the Sublease.

Additional Provisions and Qualifications:
The Sublease shall contain such other terms and conditions as may be satisfactory to the City's Directors of Legal Services, Facilities Design & Development, Social Planning and Risk and Emergency Management, it being noted that no rights or obligations hereby arise or take effect until the Sublease has been executed by both the City and the Society.

Comments or questions? Send us e-mail at info@city.vancouver.bc.ca
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